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Summit segment: summit round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

Addendum

Summit round table C.2, on the theme "International Conference on Financing for Development: looking ahead"

Thursday, 21 March 2002 (afternoon)

Summary by the Co-Chairs

Thabo Mbeki, President of South Africa

Horst Kohler, Managing Director of the International Monetary Fund

1. There was broad agreement among speakers that the draft Monterrey Consensus marks an important and substantial step towards achieving the millennium development goals. Looking ahead, the challenge is to maintain the momentum and translate those goals and the draft Monterrey Consensus into concrete actions to provide the resources that will produce meaningful results for the world's poor. Even if the resources were to become available, the required results would not necessarily be forthcoming. All stakeholders must assume their share of the responsibility for translating principles and commitment into action, and should do so without delay. It is necessary to solidify progress in the months ahead so that further concrete implementation measures can be agreed upon at the World Summit for Sustainable Development, to be held in Johannesburg in August 2002.

2. One of the underlying principles behind the vision of the draft Monterrey Consensus is that of shared responsibilities and mutual commitment. The developing countries are committing themselves to taking full responsibility for their own development by undertaking structural reforms, with sound policies, good governance, gender mainstreaming, respect for human rights and the protection of the environment as indispensable underpinnings. The international community is committing itself to supporting developing countries' efforts through enhanced

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resource flows and a more development-friendly international environment. Such a "two pillar" approach also underpins the New Partnership for Africa's Development.

3. Having developed international consensus on principles, Governments must build within their countries — both developed and developing — the public support necessary to translate their collective vision into action. That would require political leadership — in the developing countries to overcome the many difficulties in undertaking institutional and policy reform, and in the developed countries to develop engagement and solidarity with the developing countries in their efforts to reduce poverty. It would also require a coordinated effort on the part of all stakeholders and all segments of society to support the formulation, implementation and monitoring of development programmes and activities.

4. In the developed countries, the citizenry at large will have to be convinced that development and the reduction of poverty must be matters of concern in national policy, and that addressing those concerns will require resources and structural change. Some participants pointed to the wide support for development in some developed countries in terms of both commitment of resources and willingness to undertake necessary reforms. However, in most cases, particularly in the area of trade liberalization, considerable additional efforts are required for the population to become as aware of the need for change as they are in developing countries.

5. There was general appreciation for the increases in official development assistance (ODA) announced in preceding days, but also concern that total ODA will still fall far below both what is required to ensure that the millennium development goals are met, as well as the longstanding target of devoting 0.7 per cent of the gross national product of developed countries to ODA. Most participants underlined the need to achieve that target; one Minister called for each country to establish a timetable for doing so. It was suggested that such expenditures be regarded as an investment in the future rather than a current cost. The challenges of fully financing the heavily indebted poor countries initiative and the United Nations initiative on AIDS, malaria and tuberculosis were highlighted by some participants. A few were disappointed that the draft Monterrey Consensus does not propose the use of other innovative sources of development finance, such as issues of special drawing rights and various forms of international taxation. A few other participants regretted that the draft Consensus did not address global public goods and indicated that they would be pursuing the matter in other forums.

6. It was emphasized that ODA is only one component of the developed countries' contribution to development, and that other elements should be not only consistent but complementary and reinforcing. Particular attention was focused on the impediments to growth and poverty reduction created by the trade barriers and subsidies of developed countries. It was pointed out that, if such measures were abolished, developing countries could realize far greater revenue than they would receive in ODA. It was incumbent on developed countries to remove such impediments to growth, particularly for the poorest countries.

7. External debt was viewed as another major constraint to achieving the millennium development goals in many countries, particularly the least developed countries. Some participants emphasized the need for additional measures to deal with the external debt problem. Reduced debt service obligations are considered to be crucial for being able to allocate additional domestic resources to anti-poverty purposes, such as health and education. Speakers called for a long-term effort to

vigorously pursue debt relief for countries facing unsustainable debt burdens, with a few advocating full debt cancellation.

8. Several participants elaborated on the potential contribution of the private sector to development and poverty eradication. Developing countries need to create conditions to support entrepreneurship, particularly in small and medium-sized enterprises, including farms, and to encourage private investment, including foreign direct investment (FDI). Concern was expressed about the low levels of FDI in countries where it is needed most, particularly in Africa. In some instances, countries have made considerable efforts to fulfil the conditions for attracting FDI but have made little impact on flows or the perceptions of risk of investors. A number of participants, however, questioned the value of FDI, saying that it does not always necessarily contribute to development and poverty reduction.

9. The need to develop adequate institutional capacity was noted and the complexities of achieving that objective were highlighted. One speaker pointed out that the institutions that are currently considered to be prerequisites for development arose in industrialized countries as a result and not as a precondition of development. In addition, the level of economic development itself sets the limits to what can be achieved and replicated at the level of institutional development, and the same arrangements are not necessarily optimal for all countries.

10. Some participants also addressed the need to re-examine the representation of developing countries in the international financial institutions and the need for better gender balance.

11. The process leading to the Monterrey Conference was based on a new partnership, involving dialogue and consultations, and enhanced transparency and sharing of information among the various development partners and stakeholders, all of which contributed to trust and consensus building. Participants welcomed the improved cooperation among the various multilateral organizations that had resulted from the financing for development process. It is imperative to stay engaged and further improve global policy coherence. The preparations for the upcoming Summit in Johannesburg will be part of that process, but the dialogue will also have to be sustained and enriched over the longer term. Some participants felt that, in order to enhance policy coherence at the global level, the international community should continue its efforts to improve global governance. Regional consultative mechanisms could contribute to this process.

12. It was recognized that the draft Monterrey Consensus will require an effective monitoring system to follow up on the commitments by countries, international institutions, the business sector and civil society to ensure that the millennium development goals are achieved by 2015. There was support for the establishment of a formal mechanism for that purpose, and it was suggested that that could be a responsibility of the United Nations, in full and active cooperation with the International Monetary Fund, the World Bank, the World Trade Organization and other stakeholders. It was stressed, however, that such an exercise should not be accusatory but rather a means for all stakeholders to monitor and evaluate their own contributions and exchange views.